

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 SS-15 L-02 SSO-00 CCO-00 EB-07 INR-07

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FM AMCONSUL JERUSALEM
TO SECSTATE WASHDC IMMEDIATE 6730

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SECTO 190

E.O. 11652: N/A

TAGS: PFOR, SA, OVIP (KISSINGER, HENRY A.)

SUBJECT: DRAFT STATEMENT AND QUESTIONS/ANSWERS FOR
BOYCOTT HEARING

FOR SOBER (NEA) FROM ATHERTON

REF: STATE 52820 (TOSEC 223)

1. FOLLOWING IS TEXT OF YOUR PROPOSED STATEMENT CLEARED
BY SECRETARY AND INCORPORATING SOME MINOR REVISIONS IN
THE VERY GOOD DRAFT YOU SENT:

BEGIN TEXT:

QUOTE: MR. CHAIRMAN, I AM SURE THE SUBCOMMITTEE WILL
UNDERSTAND THAT, WHILE WE ARE IN THE MIDDLE OF DELICATE
NEGOTIATIONS IN THE MIDDLE EAST, THIS IS A PARTICULARLY
DIFFICULT TIME TO BE DISCUSSING THE SUBJECT BEFORE US
TODAY. I NEVERTHELESS WISH TO BE RESPONSIVE TO THE SUB-
COMMITTEE'S INTEREST IN DISCUSSING THE POLICY OF THE
DEPARTMENT OF STATE TOWARD THE ARAB BOYCOTT OF ISRAEL
AND ACTIONS BY THE DEPARTMENT IN CONNECTION WITH
THE BOYCOTT.

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LET ME BEGIN BY PUTTING THE BOYCOTT IN ITS

MIDDLE EAST CONTEXT.

THE ARAB BOYCOTT OF ISRAEL IS ONE MANIFESTATION OF THE BASIC ARAB-ISRAEL CONFLICT AND THUS ARISES FROM DEEP-SEATED POLITICAL AND EMOTIONAL FACTORS. THE INITIAL BOYCOTT ORGANIZATION, WHICH WAS SET UP AS A COMMITTEE OF THE ARAB LEAGUE CONCIL AT THE BEGINNING OF 1946, APPLIED A PRIMARY BOYCOTT TO PREVENT THE ENTRY OF CERTAIN PRODUCTS INTO ARAB COUNTRIES FROM WHAT IS NOW THE STATE OF ISRAEL. THE SECONDARY BOYCOTT, DESIGNED TO INHIBIT THIRD PARTIES FROM ASSISTING IN ISRAEL'S DEVELOP, WAS INTRODUCED IN 1951, AND IT IS THIS SECONDARY BOYCOTT THAT AFFECTS AMERICAN ECONOMIC RELATIONS WITH A NUMBER OF MIDDLE EAST COUNTRIES.

THE SCOPE OF THE BOYCOTT HAS BEEN BROADENED THROUGH THE YEARS, AND IT APPLIES TO A VARIETY OF ACTIVITIES WHICH ARE SEEN BY THE ARAB COUNTRIES AS CONSTITUTING A SPECIAL ECONOMIC RELATIONSHIP WITH ISRAEL. AN EXTENSION OF THE BOYCOTT HAS INVOLVED THE BLACKLISTING OF FOREIGN ACTORS, ARTISTS AND OTHER ENTERTAINMENT FIGURES (AND THEIR FILMS OR RECORDINGS) JUDGED TO HAVE AIDED ISRAEL, SUCH AS THROUGH FUND-RAISING. IT IS OUR UNDERSTANDING THAT, GENERALLY SPEAKING, THE ACT OF TRADING WITH ISRAEL -- AS SUCH -- DOES NOT VIOLATE ANY OF THE REGULATIONS OF THE BOYCOTT ORGANIZATION AND DOES NOT OF ITSELF BRING THE BOYCOTT INTO EFFECT. HOWEVER, THE ARAB COUNTRIES THEMSELVES RESERVE THE POWER TO INTERPRET THE BOYCOTT REGULATIONS AND DECISIONS, AND OUR EXPERIENCE SUGGESTS THAT THEY ARE NOT UNIFORMLY APPLIED. THERE ARE A NUMBER OF FIRMS WHICH DO BUSINESS IN ISRAEL AND ARAB COUNTRIES.

IT IS IMPOSSIBLE TO DETERMINE HOW MUCH THE BOYCOTT UP TO NOW HAS ACTUALLY HARMED ISRAEL, WHOSE ECONOMY HAS BEEN GROWING AT THE RATE OF ABOUT 10 PERCENT ANNUALLY. WE RECOGNIZE, HOWEVER, THAT THE RAPIDLY INCREASING ECONOMIC STRENGTH OF CERTAIN ARAB COUNTRIES HAS ENHANCED THE ARAB BOYCOTT AS A POTENTIALLY EFFECTIVE WEAPON AGAINST ISRAEL. THERE IS A LIKELIHOOD THAT THE GROWING ATTRACTIVENESS OF COMMERCE WITH THE ARAB COUNTRIES WILL PLACE GREATER PRESSURE ON SOME FOREIGN FIRMS NOT TO DEAL WITH ISRAEL BECAUSE OF THE BOYCOTT.

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NOW I WANT TO COME TO THE POSITION OF THE U.S. WITH REGARD TO THE BOYCOTT. AS STATED ON NUMEROUS OCCASIONS OUR POSITION IS CLEAR AND IT CAN BE SUMMARIZED AS FOLLOWS: THE UNITED STATES OPPOSES THE BOYCOTT. WE DO NOT SUPPORT OR CONDONE IT IN ANY WAY. THE DEPARTMENT HAS EMPHASIZED OUR OPPOSITION TO THE BOYCOTT TO THE ARAB GOVERNMENTS ON MANY OCCASIONS AS IT ADVERSELY AFFECTS UNITED STATES FIRMS, VESSELS AND INDIVIDUALS.

WHERE THE COMMERCIAL INTERESTS OF AMERICAN FIRMS OR INDIVIDUALS HAVE BEEN INJURED OR THREATENED WITH INJURY, WE HAVE MADE REPRESENTATIONS TO APPROPRIATE ARAB OFFICIALS.

CONSISTENT WITH OUR POLICY OF OPPOSITION TO THE BOYCOTT, AS REFLECTED IN THE EXPORT ADMINISTRATION ACT OF 1969, THE DEPARTMENT OF STATE HAS REFUSED HUNDREDS OF REQUESTS FROM U.S. COMPANIES FOR AUTHENTICATION OF DOCUMENTS RELATING TO THE BOYCOTT, AS BEING CONTRARY TO PUBLIC POLICY.

A NUMBER OF AMERICAN FIRMS WITH BOYCOTT PROBLEMS HAVE CONSULTED WITH DEPARTMENT OFFICIALS. THESE FIRMS HAVE BEEN (A) REMINDED OF THEIR REPORTING RESPONSIBILITIES UNDER THE EXPORT ADMINISTRATION ACT AND (B) ENCOURAGED AND REQUESTED TO REFUSE TO TAKE ANY ACTION IN SUPPORT OF RESTRICTIVE TRADE PRACTICES OR BOYCOTTS.

A FUNDAMENTAL FACTOR WHICH HAS TO BE FACED IS THAT ARAB GOVERNMENTS REGARD THE BOYCOTT AS AN IMPORTANT ELEMENT IN THEIR POSITION TOWARD ISRAEL, AND ONE OF THE BASIC ISSUES OF THE ARAB-ISRAELI CONFLICT TO BE DEALT WITH AS PROGRESS IS MADE TOWARD RESOLVING THAT CONFLICT. INDEED, THIS IS ONE OF THE ISSUES WHICH WE HAVE VERY MUCH IN MIND AS WE CONTINUE OUR DIPLOMATIC EFFORTS TO HELP THE PARTIES ACHIEVE A JUST AND LASTING PEACE. THE PROBLEM HAS BEEN HOW TO CHANGE EFFECTIVELY THE UNDERLYING CONDITIONS WHICH LED TO IMPOSITION OF THE BOYCOTT. WE BELIEVE WE CAN BEST SERVE THIS OBJECTIVE NOT THROUGH CONFRONTATION BUT BY CONTINUING TO PROMOTE WITH THE PARTIES DIRECTLY CONCERNED A PEACEFUL SETTLEMENT OF BASIC MIDDLE EAST ISSUES. WE BELIEVE THAT OUR PRESENT DIPLOMATIC APPROACH IS THE MOST EFFECTIVE WAY TO PROCEED.

THOUGH THE BOYCOTT EMERGED FROM THE POLITICAL LIMITED OFFICIAL USE

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PROBLEMS OF THE ARAB-ISRAELI CONFLICT, WE ARE ALSO CONCERNED BY REPORTS THAT IT COULD BE USED FOR DISCRIMINATION ON OUTRIGHT RELIGIOUS GROUNDS. ON THIS SUBJECT PRESIDENT FORD HAS RECENTLY SAID: BEGIN INNER QUOTE: THERE HAVE BEEN REPORTS IN RECENT WEEKS OF ATTEMPTS IN THE INTERNATIONAL BANKING COMMUNITY TO DISCRIMINATE AGAINST CERTAIN INSTITUTIONS OR INDIVIDUALS ON RELIGIOUS OR ETHNIC GROUNDS.

THERE SHOULD BE NO DOUBT ABOUT THE POSITION OF THIS ADMINISTRATION AND THE UNITED STATES. SUCH DISCRIMINATION IS TOTALLY CONTRARY TO THE AMERICAN TRADITION AND REPUGNANT TO AMERICAN PRINCIPLES. IT HAS NO PLACE IN THE FREE PRACTICE OF COMMERCE AS IT HAS

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FLOURISHED IN THIS COUNTRY.

FOREIGN BUSINESSMEN AND INVESTORS ARE MOST WELCOME
IN THE UNITED STATE WHEN THEY ARE WILLING TO CONFIRM
TO THE PRINCIPLES OF OUR SOCIETY. HOWEVER, ANY ALLE-
GATIONS OF DISCRIMINATION WILL BE FULLY INVESTIGATED
AND APPROPRIATE ACTION TAKEN UNDER THE LAWS OF THE
UNITED STATES. END INNER QUOTE.

IN SUMMING UP, I WANT TO REEMPHASIZE
--THAT WE OPPOSE THE BOYCOTT AND WILL CONTINUE
TO MAKE OUR OPPOSITION TO IT KNOWN, AND
-- THAT WE WILL CONTINUE TO OPPOSE ANY EFFORTS
TO DISCRIMINATE AGAINST AMERICAN FIRMS OR INDIVIDUALS
ON THE BASIS OF RELIGION OR ETHNIC BACKGROUND.

AT THE SAME TIME, WE WILL CONTINUE TO DO OUR UTMOST
TO HELP THE COUNTRIES IN THE MIDDLE EAST TO FIND A
BASIS FOR RESOLVING THE ARAB-ISRAELI DISPUTE AND TO
ARRIVE A JUST AND DURABLE PEACE. IT IS OUR CON-
VICTION THAT IN THE ATTAINMENT OF PEACE LIES THE FUNDA-
MENTAL BASIS FOR THE RESOLUTION OF THE BOYCOTT ISSUE,
AMONG OTHERS, WHICH WE ARE DISCUSSING TODAY. END QUOTE.
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2. FOLLOWING COMMENTS REFER TO PROPOSED QUESTIONS AND ANSWERS IN PARAGRAPH 4 OF REFTEL:

A. NO CHANGE.

B. REVISE ANSWER AS FOLLOWS: QUOTE: THE QUESTION, IN MY MIND, IS ONE OF CONFORMING WITH LOCAL LAWS AND REGULATIONS. AS A PRACTICAL MATTER, THE IMPORTATION OF A CAR MUST BE PROCESSED THROUGH THE GOVERNMENT OF THE HOST COUNTRY, WHICH CAN PREVENT ITS IMPORTATION IF THIS WOULD CONTRAVENE ITS OWN LAWS AND REGULATIONS. IN ANY EVENT, TO SEEK TO CIRCUMVENT OR VIOLATE LOCAL LAWS OR REGULATIONS WOULD SERIOUSLY HAMPER A LARGER POLITICAL PURPOSE -- IN THE CASE OF SAUDI ARABIA, THE MAINTENANCE OF GOOD RELATIONS WITH A COUNTRY WHICH PLAYS AN IMPORTANT ROLE BOTH IN SUPPORT OF THE MIDDLE EAST PEACE NEGOTIATIONS AND IN THE INTERNATIONAL ENERGY PICTURE. TO DO OTHERWISE WOULD ONLY STRENGTHEN FORCES IN THE AREA INIMICAL TO OUR INTERESTS AND WEAKEN OUR FRIENDS, WHICH WOULD MAKE IT EVEN MORE DIFFICULT TO ACCOMPLISH OUR OBJECTIVES IN THE AREA, INCLUDING ULTIMATELY THE END OF THE BOYCOTT. OUR CONFORMITY WITH LOCAL RULES DOES NOT DIMINISH OUR CLEAR STANCE AGAINST THE BOYCOTT. IN DEALING WITH THE BOYCOTT, WE THINK WE HAVE ESTABLISHED A NECESSARY BALANCE: WE HAVE MADE IT CLEAR TO ARAB GOVERNMENTS THAT WE OPPOSE THE BOYCOTT, BUT WE HAVE AT THE SAME TIME MAINTAINED OUR RELATIONS WITH THEM, INCLUDING OUR EMBASSIES IN THOSE COUNTRIES. IN ACCORDANCE WITH U.S. GOVERNMENT REGULATIONS THE PERSONNEL ASSIGNED TO THOSE EMBASSIES ARE EXPECTED TO OBEY LOCAL LAWS AND REGULATIONS AS THEY WOULD IN ANY OTHER COUNTRY, AND AS WE EXPECT THE CITIZENS OF OTHER COUNTRIES TO DO WHEN THEY ARE IN THE UNITED STATES. CLOSE QUOTE.

C. NO CHANGE.

D. REVISE ANSWER AS FOLLOWS: QUOTE: I AM NOT, OF COURSE, IN A POSITION TO COMMENT IN ANY SPECIFIC
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WAY ON LEGISLATIVE PROPOSALS THAT HAVE NOT BEEN SUBMITTED TO THE EXECUTIVE BRANCH FOR COMMENT. AS

A GENERAL OBSERVATIONS, HOWEVER, WE HAVE FELT THAT ECONOMIC SANCTIONS AGAINST ARAB STATES APPLYING THE BOYCOTT AGAINST GIVEN FIRMS WOULD BE LARGELY INEFFECTIVE IN THE ABSENCE OF CONCERTED ACTION BY THE OTHER INDUSTRIALIZED STATES WHICH SUPPLY THE NEEDS OF THE ARAB COUNTRIES. SUCH MEASURES WOULD PROBABLY ALSO PROVOKE COUNTERMEASURES WHICH COULD BE DETRIMENTAL NOT ONLY TO OVERALL U.S. ECONOMIC AND COMMERCIAL INTERESTS BUT ALSO TO THE U.S. ROLE AS PEACEMAKER IN THE AREA; THE OVERALL EFFECT COULD THUS BE TO EXTEND A RESOLUTION OF THE BOYCOTT ISSUE FURTHER INTO THE FUTURE. CLOSE QUOTE.

E. NO CHANGE.

F. NO CHANGE.

G. REVISE SECOND SENTENCE TO READ AS FOLLOWS:

QUOTE: WHILE I AM AGREATLY CONCERNED ABOUT THOSE POLICIES AND PRACTICES, I AM ALSO DEEPLY CONCERNED ABOUT THE THREAT OF HOSTILITIES IN THE MIDDLE EAST AND ABOUT THE DANGER THAT THE CONFLICT THERE COULD AGAIN DETERIORATE WITH GRAVE DANGERS FOR THE AREA AND FOR THE WHOLE WORLD. CLOSE QUOTE.

3. IN RESPONSE TO QUESTION, YOU SHOULD, OF COURSE, ALSO DRAW ON REPLIES WE HAVE APPROVED TO JAVITS AND WAXMAN LETTERS.

4. FINALLY, THERE ARE SEVERAL POINTS IN YOUR STATEMENT AND PROPOSED ANSWERS WHICH WE SHOULD BE CERTAIN WE CAN BACK UP WITH DOCUMENTATION IF PRESSED. I HAVE IN MIND IN PARTICULAR STATEMENTS THAT (A) WE HAVE MADE REPRESENTATIONS TO APPROPRIATE ARAB OFFICIALS WHERE INTERESTS OF AMERICAN FIRMS OR INDIVIDUALS HAVE BEEN INJURED OR THREATENED WITH INJURY, (B) WE HAVE ENCOURAGED AND REQUESTED FIRMS TO REFUSE TO TAKE ANY ACTION IN SUPPORT OF RESTRICTIVE TRADE PRACTICES FOR BOYCOTTS, AND (C) MANY ARAB GOVERNMENTS REQUIRE LIMITED OFFICIAL USE

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STATEMENT OF RELIGIOUS CONVICTION ON THEIR VISA APPLICATION FORMS AND SOME ARAB GOVERNMENTS HAVE A RESTRICTIVE POLICY REGARDING ISSUANCE OF VISAS TO JEWISH APPLICANTS. IN LATTER REGARD, WE SHOULD KNOW WHICH ARAB GOVERNMENTS REQUIRE CERTIFICATES OF RELIGION; WE SHOULD ALSO KNOW WHICH GOVERNMENTS APPLY RESTRICTIVE POLICIES (I WAS UNDER IMPRESSION THAT ONLY SAUDI ARABIA NOW PURSUES A POLICY OF REFUSING VISAS TO JEWISH APPLICANTS.)

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